

JONES DAY

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October 17, 2016

VIA E-MAIL: JJORDAN@FEC.GOV

Jeff S. Jordan, Esquire
Assistant General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

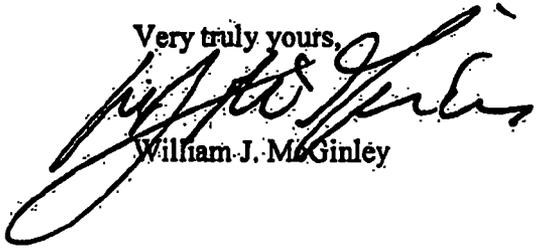
Re: Oklahoma Leadership Council
AR 16-02

Dear Mr. Jordan:

Please find attached the response of our client, the Oklahoma Leadership Council and Peter Hodges, as Treasurer, to the notification from the Federal Election Commission that the Audit Division made a referral in the above-captioned matter. A Statement of Designation of Counsel is attached.

Please do not hesitate to contact us with any questions.

Very truly yours,


William J. McGinley

Attachments

ALKHOBAR • AMSTERDAM • ATLANTA • BEIJING • BOSTON • BRISBANE • BRUSSELS • CHICAGO • CLEVELAND • COLUMBUS • DALLAS
DETROIT • DUBAI • DÜSSELDORF • FRANKFURT • HONG KONG • HOUSTON • IRVINE • JEDDAH • LONDON • LOS ANGELES • MADRID
MEXICO CITY • MIAMI • MILAN • MINNEAPOLIS • MOSCOW • MUNICH • NEW YORK • PARIS • PERTH • PITTSBURGH • RIYADH
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BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of)
) AR 16-02
Oklahoma Leadership Council)
and Peter Hodges, as Treasurer)
)

**RESPONSE OF OKLAHOMA LEADERSHIP COUNCIL
AND PETER HODGES, AS TREASURER, TO THE AUDIT DIVISION REFERRAL**

This responds on behalf of our client, the Oklahoma Leadership Council ("OLC" or "Committee"), to the notification from the Federal Election Commission that the Audit Division referred to the Office of General Counsel ("OGC") one of the findings in the recently released audit report for possible enforcement action. Specifically, the Audit Division referred Finding 3, recordkeeping for employees, for possible enforcement action. For the reasons set forth below, we respectfully request that the OGC decline to open an enforcement action and that no action should be taken against OLC in this matter. Alternatively, if the OGC decides to initiate an action, we request that it be referred to the Alternative Dispute Resolution Office.

As stated in the Oklahoma Leadership Council's ("OLC") responses to the document requests and proposed audit findings, OLC, like many other state party committees, operates on a shoestring budget and relies on a few paid staff and volunteers to manage its daily operations and political duties as well as the burdensome and often confusing recordkeeping and reporting requirements in both state and federal regulations. Near the end of the audit period and prior to the commencement of the instant audit, OLC made changes to its compliance infrastructure and protocols in an effort to satisfy its internal standards. First, OLC hired the FEC bookkeeping and reporting firm Red Curve Solutions to assist with the preparation of reports and other compliance matters. Second, upon the Commission's issuance of a memorandum regarding state party

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committee recordkeeping guidelines in 2013, the Committee implemented the FEC's guidelines. Finally, the Committee fully cooperated with the Audit Division during the audit by responding to multiple requests for documents and complying with the Auditors' recommendations.

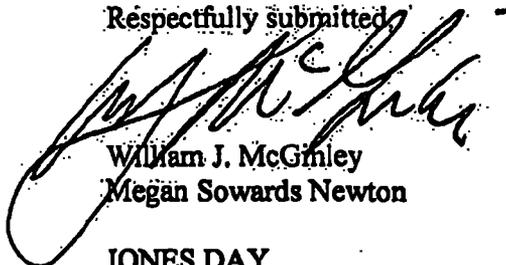
In addition, a review of recent state party committee audits indicates that the state parties have paid minimal fines for similar employee recordkeeping findings, but which involved significantly greater amounts of employee disbursements than those at issue in this matter. See, e.g., MUR 6966, Conciliation Agreement (Democratic Party of Wisconsin) & MUR 6967, Conciliation Agreement (Kentucky State Democratic Central Executive Committee). Further, the Commission recently authorized the publication of a Petition for Rulemaking requesting that the Commission amend the federal election activity regulations by deleting the term "federal election activities" from the employee federal election activity regulations, a development that could materially affect the amounts at issue in this matter.

For all the reasons stated above, we respectfully request that the Commission and OGC decline to initiate an enforcement action in this matter. Doing so is the proper course of action in light of the significant compliance investments already made by OLC prior to and during the course of this audit.

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Please do not hesitate to contact us with any questions.

Respectfully submitted,



William J. McGinley
Megan Sowards Newton

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October 17, 2016

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FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

Statement of Designation of Counsel

AR 16-02

Name of Counsel: William J. McGinley
Megan Sowards Newton

Firm: Jones Day
51 Louisiana Avenue, NW
Washington, DC 20001

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The above named individuals are hereby designated as counsel and are authorized to receive any notifications and other communications from the Commission and to act on behalf of the Oklahoma Leadership Council and Peter Leo Hodges, as treasurer, before the Commission.

10-17-2016
Date


Peter Leo Hodges, Treasurer
Signature

Name (Print): Oklahoma Leadership Council
And Peter Leo Hodges, as Treasurer

Address: 4031 N. Lincoln Blvd.
Oklahoma City, OK 73105

Information is being sought as part of an investigation being conducted by the Federal Election Commission and the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section prohibits making public any investigation conducted by the Federal Election Commission without the express written consent of the person under investigation.

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